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SIPDIS

SENSITIVE

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SUBJECT: GOI OPEN TO U.S. SUGGESTIONS ON MILAN/LINATE
AIRPORT

REF: A. 04 ROME 3990
[B](#). 04 ROME 3262
[C](#). 04 ROME 1846

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Summary

[1](#)1. (SBU) On January 20, the MFA hosted an inter-ministerial meeting to coordinate U.S.-Italy consultations on the Linate code-sharing issue. Italy has proposed February 15-16 consultations in Washington. The GOI delegation is interested in USG views, yet remains convinced after the MFA meeting that the GOI has adequately responded to the American Airlines/United Airlines complaint by withdrawing Alitalia code-sharing rights at Linate, so that neither U.S. carriers nor Alitalia have such rights. End Summary.

Italy,s Goals: Restrict Access to Linate; No Alitalia Penalties

[1](#)2. (SBU) On January 11, Dr. Aldo Sansone, Italy,s lead civil aviation negotiator at the Transport Ministry, told Embassy Officers that his objective is to restrict traffic into Linate, a view post also has heard from the Italian National Civil Aviation Agency (ENAC). According to Sansone, restricted Linate access benefits Alitalia by encouraging it to develop its many Malpensa-U.S. routes. Sansone and ENAC officials have repeatedly expressed the view that Alitalia,s efforts to increase its transatlantic market share with Linate-U.S. flights only cannibalize passengers from Alitalia,s own Malpensa-U.S. flights. Separately, MFA,s North America Director, Francesco Tafuri, told us that cash-strapped Alitalia is very concerned about penalties with financial implications related to Linate. According to Tafuri, one or two ENAC officials, a representative from Alitalia, a representative from the Italian Embassy, and perhaps Sansone would take part in the Washington talks. Post will provide the final delegation list septel.

Sansone: Linate Resolved

[1](#)3. (SBU) Sansone had no new ideas on how to address the Linate code sharing issue. He said that from his point of view the Linate code-share issue was largely resolved already, since Alitalia has been prohibited from advertising flights between Linate and the United States. The airline has made a technical fix to ensure that travel agents and passengers will not view a direct flight option when attempting a reservation between Linate and the United States on Alitalia. According to Sansone, even with this fix, any other airline could theoretically still route a passenger from Linate to another European destination, even for a legitimate rest stop, then ticket the passenger to an onward inter-continental destination. Therefore, the issue does not appear to be completely resolved. Sansone is optimistic, however, that the talks will convince the USG and U.S. carriers that the complaint should be dropped. In that regard, Sansone expressed interest in an informal meeting with U.S. negotiators in advance of the formal Washington bilaterals to clarify the goals of the talks.

European Commission Role in Upcoming Consultations

[1](#)4. (SBU) Sansone confided that expanded Commission competency in civil aviation ties Italy,s hands somewhat. He explained that as a result of the European Court of Justice decision in 2002, the GOI must notify the Commission thirty days prior to engaging in aviation negotiations with non-EU member states. Italy,s EU Mission in Brussels advised Sansone that the Commission need not be notified in this case, since the proposed Linate talks were consultations, not formal negotiations. (Tafuri in the MFA also assured post that the Commission cannot derail the planned Washington discussions.)

Comment

15. (SBU) GOI lead negotiator Sansone takes a somewhat narrow view of the Linate code-share issue and he does not seem to believe that his solution has deleterious effects on U.S. and national carriers. In Washington, and beyond, the GOI will continue to fight for restricted Linate access (especially as new EU Member States seek entry into the Linate club). If Washington agencies seek a systemic solution for U.S. carriers' access to Linate, Sansone (and his delegation) must be disabused of the view that his Ministry's one-off prohibition on Alitalia's advertising and code-share listing resolves the issue. End Comment.

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